

DD/A Registry

88-2357X

31 October 1988

STAT 

We received the OMB memo from Joe Wright concerning the income tax offset which you sent on 21 October 1988. You assigned action to OF for a response to OMB from the DDA.

We have gone over this legislation which is found in 31 USC 3720A and 26 USC 6402. This statute expired 30 June 1988 and, effective 13 October 1988, was reinstated by the Congress and the President. This legislation has been on the books for several years. It provides for the collection of past-due legally enforceable debts (other than social security overpayments and past-due support) owed to Federal agencies by the Secretary of the Treasury who will reduce amounts owed to the debtor as Federal tax refunds by the amount of Federal debts owed by that debtor. To do this, the IRS must be informed of such debts by the agency concerned.

This Agency has never participated in this collection process. We read the OMB memo as one which informs agencies of the reinstatement of this program which had stopped at the beginning of July and to let agencies know that the tax year 1988 refunds could now be offset. The memo mentions "those agencies participating in the program".

We are not aware of a type of debt which this Agency would collect through the means provided by this legislation. Active employee debts are collected by other means not related to this law. We are of the opinion that no answer is required to OMB on this issue.

OP sent their copy to Payroll. I have spoken with them about our views and they have no problem with that stand. If you have further questions on this, please give me a call.

STAT ~~100-13~~ 60-7

LIA-5



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503



October 18, 1988

M-88-34

MEMORANDUM FOR THE HEADS OF DEPARTMENTS AND AGENCIES

FROM: Joseph R. Wright, Jr.  
Deputy Director

SUBJECT: Income Tax Refund Offset

On October 13th, the President signed into law the Family Support Act of 1988. This legislation included an extension of the authority to offset tax refunds due to persons delinquent on debts to the Federal Government. The authority is extended until January 10, 1994.

Those agencies participating in the program should proceed to complete the actions necessary to provide the Internal Revenue Service with the names of delinquent debtors to be matched against refunds for the 1988 tax year.

This program has been one of our most significant debt collection efforts, recovering \$838 million in delinquent debt in three years. Your continued support and cooperation in this effort is greatly appreciated.